

Message Text

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TO AMEMBASSY KINSHASA PRIORITY

AMEMBASSY LUSAKA PRIORITY

AMEMBASSY LONDON PRIORITY

INFO AMEMBASSY LISBON

AMCONSUL LUBUMBASHI

C O N F I D E N T I A L STATE 293176

EXDIS

E.O. 11652: GDS

TAGS: PFOR, AO, US

SUBJECT: BENGUELA RAILROAD

REF: LONDON 19241 (EXDIS)

1. REFTEL FROM LONDON REPORTED THE OPINION OF ALEXANDER HOOD, CHAIRMAN OF TANGANYIKA CONCESSION, REGARDING THE REASONS FOR THE CONTINUED CLOSURE OF THE BENGUELA RAILROAD IN ANGOLA AS WELL AS THE FINANCIAL PROBLEMS ACCRUING TO BOTH HIS COMPANY AND ZAIRE DUE TO THE CLOSURE. PERHAPS NOT COINCIDENTLY, THE NY TIMES OF NOVEMBER 29 CARRIED A UPI STORY FROM LOBITO, ANGOLA, QUOTING LUIS DE OLIVEIRA, DIRECTOR-GENERAL OF THE BENGUELA RAILROAD, ON THE STATUS OF

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THE LINE. OLIVEIRA IS REPORTED TO HAVE SAID THAT THE LINE

IS OPEN TO TRAFFIC ITS ENTIRE LENGTH AND IS NOT AFFECTED BY THE MINIMAL GUERRILLA ACTIVITY. THE LINE REMAINS CLOSED, HE SAID, BECAUSE ZAIRE HAS BALKED AT SIGNING AN AGREEMENT WITH THE MPLA TO ALLOW ITS COPPER TO BE SHIPPED. OLIVEIRA ADDED THAT ANGOLA HAS AN AGREEMENT WITH ZAMBIA ON USE OF THE LINE BUT ZAIRE'S INTRANSIGENCE PROHIBITS ZAMBIA FROM USING THE LINE.

2. DEPARTMENT BELIEVES THE OPINIONS EXPRESSED BY HOOD AND OLIVEIRA WARRANT CLOSE EXAMINATION.

ACCORDINGLY, WE WOULD APPRECIATE ADDITIONAL REPORTING AND ANALYSIS FROM THE ADDRESSEE POSTS.

3. ACTION REQUESTED: (A) LONDON: HOOD'S COMMENTS ARE AT VARIANCE WITH EARLIER REMARKS BY WADSWORTH OF TANGANYIKA CONCESSION. SUGGEST EMBASSY USE NY TIMES STORY AS EXCUSE TO CALL ON WADSWORTH AND REVIEW RECENT DEVELOPMENTS REGARDING THE LINE, PARTICULARLY IN REGARD TO GUERRILLA OPERATIONS, THE GOA'S POLITICAL AND FINANCIAL ATTITUDE TOWARD THE LINE, ANY AGREEMENT WITH ZAMBIA AND LACK OF SAME WITH MOBUTU. EMBASSY'S ANALYSIS OF THE FINANCIAL CONDITION OF TANGANYIKA CONCESSION, BOTH OF THE CORPORATION IN GENERAL AND THE RAILROAD IN PARTICULAR, WOULD BE APPRECIATED.

(B) KINSHASA: DEPARTMENT WOULD APPRECIATE A FINANCIAL AND POLITICAL ANALYSIS OF THE COSTS AND BENEFITS TO ZAIRE OF THE CONTINUED CLOSURE OF THE LINE, TAKING INTO ACCOUNT SUCH FACTORS AS THE FOREIGN EXCHANGE SAVINGS OF THE PRESENT NATIONAL ROUTE, THE VOLUME OF THE ZINC AND MANGANESE NOT CURRENTLY BEING SHIPPED, THE VALUE OF GOODS REACHING THE SHABA FROM RHODESIA COMPARED TO THE LOBIT ROUTE POTENTIAL, AND THE RECENTLY EXPRESSED ZAIRIAN DESIRE TO IMPROVE RELATIONS WITH ANGOLA. WHAT CREDENCE DO YOU LEND TO HOOD'S STATEMENT THAT MOBUTU HAS REFUSED TO DISCUSS WITH ANGOLA THE REOPENING OF THE LINE? WHAT IMPACT, IF ANY, WOULD THE REOPENING OF THE LINE HAVE ON THE OVER-ALL ZAIRIAN ECONOMY, ZAIRE'S B/P AND ON THE NEED FOR OUR ECO-CONFIDENTIAL

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NOMIC ASSISTANCE PACKAGE FOR ZAIRE.

(C) LUSAKA: CAN YOU SHED ANY LIGHT ON THE PURPORTED ANGOLAN-ZAMBIAN AGREEMENT TO REOPEN THE LINE TO ZAMBIAN TRAFFIC? WHAT CREDIBLE INFORMATION IS AVAILABLE IN LUSAKA ON THE DEGREE OF UNITA'S INTERDICTION OF TRAFFIC? ROBINSON

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